

Form **990**  
Department of the Treasury  
Internal Revenue Service

## Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

**2008**

Open to Public Inspection

A For the 2008 calendar year, or tax year beginning **7/01/08**, and ending **6/30/09**

- B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Termination
- ☐ Amended return
- ☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization

**THE JOHN LOCKE FOUNDATION, INC.**

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address)

**200 W. MORGAN ST.**

Room/suite

**200**

City or town, state or country, and ZIP + 4

**RALEIGH****NC 27601**

F Name and address of principal officer

D Employer identification number

**56-1656943**

E Telephone number

G Gross receipts \$ **3,293,173**

H(a) Is this a group return for

affiliates?

☐ Yes ☒ No

H(b) Are all affiliates included?

☐ Yes ☐ No

If "No," attach a list (see instructions)

I Tax-exempt status ☒ 501(c) ( **3** ) ◀ (insert no ) 4947(a)(1) or 527J Website: **WWW.JOHNLOCKE.ORG**

H(c) Group exemption number ▶

K Type of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation

M State of legal domicile

## Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities. <b>THE PURPOSE OF THE FOUNDATION IS TO CONDUCT RESEARCH, DISSEMINATE INFORMATION, AND ADVANCE PUBLIC UNDERSTANDING OF SOCIETY BASED ON THE PRINCIPLES OF INDIVIDUAL LIBERTY.</b>	
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets.	
	3	Number of voting members of the governing body (Part VI, line 1a)	<b>16</b>
	4	Number of independent voting members of the governing body (Part VI, line 1b)	<b>16</b>
	5	Total number of employees (Part V, line 2a)	<b>39</b>
	6	Total number of volunteers (estimate if necessary)	<b>2</b>
	7a	Total gross unrelated business revenue from Part VIII, line 12, column (C)	<b>6,538</b>
7b	Net unrelated business taxable income from Form 990-T, line 34	<b>2,677</b>	
Revenue	8	Contributions and grants (Part VIII, line 1h)	<b>3,148,132</b>
	9	Program service revenue (Part VIII, line 2g)	<b>90,092</b>
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<b>6,700</b>
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<b>33,979</b>
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<b>3,244,924</b>
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	
	14	Benefits paid to or for members (Part IX, column (A), line 4)	
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	<b>1,688,390</b>
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	<b>33,600</b>
	16b	Total fundraising expenses (Part IX, column (D), line 25) ▶ <b>106,840</b>	
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	<b>1,579,326</b>
	18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	<b>3,301,316</b>
19	Revenue less expenses. Subtract line 18 from line 12	<b>-56,392</b>	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	<b>414,968</b>
	21	Total liabilities (Part X, line 26)	<b>88,771</b>
	22	Net assets or fund balances Subtract line 21 from line 20	<b>326,197</b>
			<b>226,966</b>

## Part II Signature Block

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge			
	Signature of officer <b>JOHN HOOD</b>		Date <b>11-13-09</b>	
Paid Preparer's Use Only	Preparer's signature <b>Chuck Averre, CPA</b>		Date <b>11/12/09</b>	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours if self-employed), address, and ZIP + 4 <b>Hollingsworth Avenet Averre &amp; Purvis, PA</b> <b>200 W. Millbrook Road</b> <b>Raleigh, NC 27609</b>		EIN <b>56-2119415</b>	Preparer's identifying number (see instructions) <b>P00280366</b>
			Phone no <b>919-848-4100</b>	

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☐ No

DAA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2008)

10/2/12

**Part III Statement of Program Service Accomplishments** (see instructions)**1** Briefly describe the organization's mission:

**THE PURPOSE OF THE FOUNDATION IS TO CONDUCT RESEARCH,  
DISSEMINATE INFORMATION, AND ADVANCE PUBLIC UNDERSTANDING  
OF SOCIETY BASED ON THE PRINCIPLES OF INDIVIDUAL LIBERTY,**

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes ☒ No

If "Yes," describe these new services on Schedule O

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

**4** Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

**4a** (Code. ) (Expenses \$ **2,839,490** including grants of \$ ) (Revenue \$ **67,559** )

**THE FOUNDATION DISSEMINATES ITS RESEARCH VIA A VARIETY OF PUBLICATIONS, A CIRCULATION OF WHICH AMOUNTS TO APPROXIMATELY 185,000. THE PUBLICATIONS ARE ALSO AVAILABLE ON THE FOUNDATION'S WEBSITE. IN ADDITION, THE FOUNDATION HOSTS LUNCHEONS AND OTHER LIVE MEETINGS FEATURING SPEAKERS OF LOCAL AND NATIONAL INTEREST. THESE MEETING REACH APPROXIMATELY 4,000 ATTENDEES ANNUALLY.**

**4b** (Code. ) (Expenses \$ including grants of \$ ) (Revenue \$ )

**4c** (Code. ) (Expenses \$ including grants of \$ ) (Revenue \$ )

**4d** Other program services (Describe in Schedule O )

(Expenses \$ **2,861** including grants of \$ ) (Revenue \$ )

**4e** Total program service expenses ► \$ **2,842,351** (Must equal Part IX, Line 25, column (B) )

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	<b>X</b>	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	<b>X</b>	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		<b>X</b>
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II		<b>X</b>
5 <b>Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.</b> Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III		
6 Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		<b>X</b>
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		<b>X</b>
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		<b>X</b>
9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		<b>X</b>
10 Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V		<b>X</b>
11 Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	<b>X</b>	
12 Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? If "Yes," complete Schedule D, Parts XI, XII, and XIII	<b>X</b>	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		<b>X</b>
14a Did the organization maintain an office, employees, or agents outside of the U.S.?		<b>X</b>
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U.S.? If "Yes," complete Schedule F, Part I		<b>X</b>
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II		<b>X</b>
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III		<b>X</b>
17 Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I		<b>X</b>
18 Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		<b>X</b>
19 Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		<b>X</b>
20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H		<b>X</b>
21 Did the organization report more than \$5,000 on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		<b>X</b>
22 Did the organization report more than \$5,000 on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		<b>X</b>
23 Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J		<b>X</b>
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to question 25		<b>X</b>
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a <b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		<b>X</b>
b Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If "Yes," complete Schedule L, Part I		<b>X</b>
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II		<b>X</b>
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If "Yes," complete Schedule L, Part III		<b>X</b>

**Part IV Checklist of Required Schedules (continued)**

- 28** During the tax year, did any person who is a current or former officer, director, trustee, or key employee
- a** Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? If "Yes," complete Schedule L, Part IV
- b** Have a family member who had a direct or indirect business relationship with the organization? If "Yes," complete Schedule L, Part IV
- c** Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? If "Yes," complete Schedule L, Part IV
- 29** Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M
- 30** Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M
- 31** Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I
- 32** Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II
- 33** Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I
- 34** Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1
- 35** Is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2
- 36** **Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2
- 37** Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI

	Yes	No
<b>28a</b>		<b>X</b>
<b>28b</b>		<b>X</b>
<b>28c</b>		<b>X</b>
<b>29</b>		<b>X</b>
<b>30</b>		<b>X</b>
<b>31</b>		<b>X</b>
<b>32</b>		<b>X</b>
<b>33</b>		<b>X</b>
<b>34</b>		<b>X</b>
<b>35</b>		<b>X</b>
<b>36</b>		<b>X</b>
<b>37</b>		<b>X</b>

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable		
	<b>1a</b> 29		
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
	<b>1b</b>		
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b> X	
<b>2a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
	<b>2a</b> 39		
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return. (see instructions)	<b>2b</b> X	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	<b>3a</b> X	
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	<b>3b</b> X	
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		<b>4a</b> X
<b>b</b>	If "Yes," enter the name of the foreign country: See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		<b>5a</b> X
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		<b>5b</b> X
<b>c</b>	If "Yes," to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	<b>5c</b>	
<b>6a</b>	Did the organization solicit any contributions that were not tax deductible?	<b>6a</b>	<b>6a</b> X
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	Did the organization provide goods or services in exchange for any quid pro quo contribution of more than \$75?	<b>7a</b>	<b>7a</b> X
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>	
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>	<b>7c</b> X
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year	<b>7d</b>	
<b>e</b>	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>	<b>7e</b> X
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>	<b>7f</b> X
<b>g</b>	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>	<b>7g</b> X
<b>h</b>	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	<b>7h</b>	<b>7h</b> X
<b>8</b>	<b>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>8</b>	<b>8</b> X
<b>9</b>	<b>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the organization make any taxable distributions under section 4966?	<b>9a</b>	<b>9a</b> X
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>	<b>9b</b> X
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12	<b>10a</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>10b</b>	
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter:		
<b>a</b>	Gross income from members or shareholders	<b>11a</b>	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	<b>11b</b>	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>	

**Part VI Governance, Management, and Disclosure** (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)**Section A. Governing Body and Management**

		Yes	No
For each "Yes" response to lines 2-7b below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.			
<b>1a</b>	Enter the number of voting members of the governing body	<b>16</b>	
<b>1b</b>	Enter the number of voting members that are independent	<b>16</b>	
<b>2</b>	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		<b>X</b>
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		<b>X</b>
<b>4</b>	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		<b>X</b>
<b>5</b>	Did the organization become aware during the year of a material diversion of the organization's assets?		<b>X</b>
<b>6</b>	Does the organization have members or stockholders?		<b>X</b>
<b>7a</b>	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		<b>X</b>
<b>7b</b>	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		<b>X</b>
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>8a</b>	The governing body?	<b>X</b>	
<b>8b</b>	Each committee with authority to act on behalf of the governing body?		<b>X</b>
<b>9a</b>	Does the organization have local chapters, branches, or affiliates?		<b>X</b>
<b>9b</b>	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?		
<b>10</b>	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990		<b>X</b>
<b>11</b>	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		<b>X</b>

**Section B. Policies**

		Yes	No
<b>12a</b>	Does the organization have a written conflict of interest policy? If "No," go to line 13	<b>X</b>	
<b>12b</b>	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<b>X</b>	
<b>12c</b>	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done		<b>X</b>
<b>13</b>	Does the organization have a written whistleblower policy?	<b>X</b>	
<b>14</b>	Does the organization have a written document retention and destruction policy?	<b>X</b>	
<b>15</b>	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision:		
<b>15a</b>	The organization's CEO, Executive Director, or top management official?	<b>X</b>	
<b>15b</b>	Other officers or key employees of the organization? Describe the process in Schedule O (see instructions)		<b>X</b>
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		<b>X</b>
<b>16b</b>	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed ► **NC**
- 18** Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.  
☐ Own website ☒ Another's website ☒ Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization ► **PAGE COX**

**200 W MORGAN STREET****RALEIGH****NC 27601****919-828-3876**

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

## Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

**1a** Complete this table for all persons required to be listed. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
  - List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
  - List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
  - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.
- List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

☐ Check this box if the organization did not compensate any officer, director, trustee, or key employee.

[illegible]





**Part VIII Statement of Revenue**

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
<b>Contributions, gifts, grants and other similar amounts</b>	<b>1a</b> Federated campaigns	<b>1a</b>				
	<b>b</b> Membership dues	<b>1b</b>				
	<b>c</b> Fundraising events	<b>1c</b>				
	<b>d</b> Related organizations	<b>1d</b>				
	<b>e</b> Government grants (contributions)	<b>1e</b>				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	<b>3,189,977</b>			
	<b>g</b> Noncash contributions included in lines 1a-1f \$					
	<b>h</b> Total. Add lines 1a-1f		<b>3,189,977</b>			
<b>Program Service Revenue</b>	<b>2a</b> SEMINARS, LUNCHEONS	Busn. Code	<b>67,559</b>	<b>67,559</b>		
	<b>b</b>					
	<b>c</b>					
	<b>d</b>					
	<b>e</b>					
	<b>f</b> All other program service revenue					
	<b>g</b> Total. Add lines 2a-2f		<b>67,559</b>			
	<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts)		<b>1,658</b>	<b>1,658</b>	
<b>4</b> Income from investment of tax-exempt bond proceeds						
<b>5</b> Royalties						
<b>6a</b> Gross Rents		(i) Real (ii) Personal				
<b>b</b> Less rental exps						
<b>c</b> Rental inc. or (loss)						
<b>d</b> Net rental income or (loss)						
<b>7a</b> Gross amount from sales of assets other than inventory		(i) Securities (ii) Other				
<b>b</b> Less cost or other basis & sales exps			<b>1,524</b>			
<b>c</b> Gain or (loss)			<b>-1,524</b>			
<b>d</b> Net gain or (loss)			<b>-1,524</b>	<b>-1,524</b>		
<b>8a</b> Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18		<b>a</b>				
<b>b</b> Less: direct expenses		<b>b</b>				
<b>c</b> Net income or (loss) from fundraising events						
<b>9a</b> Gross income from gaming activities See Part IV, line 19		<b>a</b>				
<b>b</b> Less: direct expenses		<b>b</b>				
<b>c</b> Net income or (loss) from gaming activities						
<b>10a</b> Gross sales of inventory, less returns and allowances		<b>a</b>				
<b>b</b> Less: cost of goods sold	<b>b</b>					
<b>c</b> Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Busn. Code				
<b>11a</b> RENTAL REVENUE		<b>27,441</b>			<b>27,441</b>	
<b>b</b> CAROLINA JOURNAL	<b>541800</b>	<b>6,538</b>		<b>6,538</b>		
<b>c</b>						
<b>d</b> All other revenue						
<b>e</b> Total. Add lines 11a-11d		<b>33,979</b>				
<b>12</b> Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e		<b>3,291,649</b>	<b>67,693</b>	<b>6,538</b>	<b>27,441</b>	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	245,138	157,176	70,370	17,592
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	1,283,651	1,157,582	97,798	28,271
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	32,979	28,362	3,628	989
9 Other employee benefits	149,931	128,941	16,492	4,498
10 Payroll taxes	120,076	103,266	13,208	3,602
11 Fees for services (non-employees):				
a Management				
b Legal	2,235		2,235	
c Accounting	8,115		8,115	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion	41,074	41,074		
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy	208,270	179,112	22,910	6,248
17 Travel	53,756	52,118		1,638
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	359,912	359,912		
20 Interest	2,020	1,737	222	61
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	51,322	43,814	5,269	2,239
23 Insurance	2,870		2,870	
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a <b>PRINTING</b>	333,151	251,699	81,452	
b <b>THIRD PARTY COMPENSATION</b>	248,357	181,577	66,780	
c <b>INTERNET &amp; WEBSITE</b>	85,088	74,053	11,035	
d <b>POSTAGE</b>	80,578	62,476	115	17,987
e <b>OTHER PROFESSIONAL</b>	33,861	8,237	2,424	23,200
f All other expenses	48,496	11,215	36,766	515
25 <b>Total functional expenses.</b> Add lines 1 through 24f	3,390,880	2,842,351	441,689	106,840
26 <b>Joint Costs.</b> Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

**Part X Balance Sheet**

		(A) Beginning of year		(B) End of year
<b>Assets</b>	1 Cash—non-interest bearing	-19,779	1	53,530
	2 Savings and temporary cash investments	248,878	2	142,016
	3 Pledges and grants receivable, net		3	15,000
	4 Accounts receivable, net		4	
	5 Receivables from current and former officers, directors, trustees, key employees, or other related parties Complete Part II of Schedule L		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	100,705	9	25,078
	10a Land, buildings, and equipment cost basis	442,480		
	b Less accumulated depreciation Complete Part VI of Schedule D	329,459	10c	113,021
	11 Investments—publicly traded securities		11	
	12 Investments—other securities See Part IV, line 11		12	
	13 Investments—program-related See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11	13,424	15	19,123
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	414,968	16	367,768	
<b>Liabilities</b>	17 Accounts payable and accrued expenses	55,668	17	121,423
	18 Grants payable		18	
	19 Deferred revenue	6,538	19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow account liability Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable		24	
	25 Other liabilities Complete Part X of Schedule D	26,565	25	19,379
	26 <b>Total liabilities.</b> Add lines 17 through 25	88,771	26	140,802
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	27 Unrestricted net assets	296,197	27	74,763
	28 Temporarily restricted net assets	30,000	28	152,203
	29 Permanently restricted net assets		29	
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	326,197	33	226,966
	34 <b>Total liabilities and net assets/fund balances</b>	414,968	34	367,768

**Part XI Financial Statements and Reporting**

- 1 Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant?
- b Were the organization's financial statements audited by an independent accountant?
- c If "Yes" to lines 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
- 3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b If "Yes," did the organization undergo the required audit or audits?

	Yes	No
2a		X
2b	X	
2c		X
3a		X
3b		



**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**  
(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	2,016,444	3,158,398	3,032,506	3,148,132	3,189,977	14,545,457
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> Add lines 1-3	2,016,444	3,158,398	3,032,506	3,148,132	3,189,977	14,545,457
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						12,082,458
<b>6 Public support.</b> Subtract line 5 from line 4						2,462,999

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
<b>7</b> Amounts from line 4	2,016,444	3,158,398	3,032,506	3,148,132	3,189,977	14,545,457
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	172	3,841	12,446	6,575	1,658	24,692
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on				2,550	2,677	5,227
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>11 Total support.</b> Add lines 7 through 10						14,575,376
<b>12</b> Gross receipts from related activities, etc. (see instructions)					12	449,394
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2008 (line 6, column (f) divided by line 11, column (f))	14	16.8984 %
<b>15</b> Public support percentage from 2007 Schedule A, Part IV-A, line 26f	15	16.7234 %
<b>16a 33 1/3 % support test—2008.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
<b>b 33 1/3 % support test—2007.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
<b>17a 10%-facts-and-circumstances test—2008.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization <input checked="" type="checkbox"/>		
<b>b 10%-facts-and-circumstances test—2007.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization <input type="checkbox"/>		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions <input type="checkbox"/>		

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6</b> <b>Total.</b> Add lines 1-5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						
<b>c</b> Add lines 7a and 7b						
<b>8</b> <b>Public support</b> (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13</b> <b>Total support.</b> (Add lines 9, 10c, 11, and 12.)						
<b>14</b> <b>First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2008 (line 8, column (f) divided by line 13, column (f))	<b>15</b>	%
<b>16</b> Public support percentage from 2007 Schedule A, Part IV-A, line 27g	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2008 (line 10c, column (f) divided by line 13, column (f))	<b>17</b>	%
<b>18</b> Investment income percentage from 2007 Schedule A, Part IV-A, line 27h	<b>18</b>	%

**19a** **33 1/3 % support tests—2008.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3 %, and line 17 is not more than 33 1/3 %, check this box and stop here. The organization qualifies as a publicly supported organization ☐

**b** **33 1/3 % support tests—2007.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3 %, and line 18 is not more than 33 1/3 %, check this box and stop here. The organization qualifies as a publicly supported organization ☐

**20** **Private foundation.** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ☐

**Part IV** **Supplemental Information.** Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. (see instructions)

**Supplemental Information**

"FACTS AND CIRCUMSTANCES" TEST - 2008

*see following...*

**SCHEDULE D**  
(Form 990)Department of the Treasury  
Internal Revenue Service**Supplemental Financial Statements**▶ Attach to Form 990. To be completed by organizations that  
answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

OMB No 1545-0047

**2008**Open to Public  
Inspection

Name of the organization

Employer identification number

**THE JOHN LOCKE FOUNDATION, INC.****56-1656943****Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if  
the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor or other impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

**Part II Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or pleasure)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a-2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ \_ \_ \_ \_ \_

4 Number of states where property subject to conservation easement is located ▶ \_ \_ \_ \_ \_

5 Does the organization have a written policy regarding the periodic monitoring, inspection, violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff or volunteer hours devoted to monitoring, inspecting, and enforcing easements during the year ▶ \_ \_ \_ \_ \_

7 Amount of expenses incurred in monitoring, inspecting, and enforcing easements during the year ▶ \$ \_ \_ \_ \_ \_

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ \_ \_ \_ \_ \_

(ii) Assets included in Form 990, Part X ▶ \$ \_ \_ \_ \_ \_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ \_ \_ \_ \_ \_

b Assets included in Form 990, Part X ▶ \$ \_ \_ \_ \_ \_



**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)**

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a ☐ Public exhibition  
 b ☐ Scholarly research  
 c ☐ Preservation for future generations  
 d ☐ Loan or exchange programs  
 e ☐ Other \_\_\_\_\_

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes ☐ No

**Part IV Trust, Escrow and Custodial Arrangements. Complete if organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.**

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table

- c Beginning balance  
 d Additions during the year  
 e Distributions during the year  
 f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV.

**Part V Endowment Funds. Complete if organization answered "Yes" to Form 990, Part IV, line 10.**

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ► \_\_\_\_\_ %  
 b Permanent endowment ► \_\_\_\_\_ %  
 c Term endowment ► \_\_\_\_\_ %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations  
 (ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds

**Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.**

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment				
e Other		442,480	329,459	113,021
Total. Add lines 1a–1e (Column (d) should equal Form 990, Part X, column (B), line 10(c) )				113,021



**Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements**

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	3,291,649
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	3,390,880
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-99,231
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4-8	9	
10	Excess or (deficit) for the year per financial statements. Combine lines 3 and 9	10	-99,231

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

1	Total revenue, gains, and other support per audited financial statements	1	3,291,649
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	3,291,649
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue. Add lines 3 and 4c. (This should equal Form 990, Part I, line 12.)	5	3,291,649

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

1	Total expenses and losses per audited financial statements	1	3,390,880
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Losses reported on Form 990, Part IX, line 25	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	3,390,880
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses. Add lines 3 and 4c. (This should equal Form 990, Part I, line 18.)	5	3,390,880

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b

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**SCHEDULE O**  
**(Form 990).**Department of the Treasury  
Internal Revenue Service**Supplemental Information to Form 990**▶ Attach to Form 990. To be completed by organizations to provide  
additional information for responses to specific questions for the  
Form 990 or to provide any additional information.

OMB No 1545-0047

**2008**Open to Public  
Inspection

Name of the organization

**THE JOHN LOCKE FOUNDATION, INC.**

Employer identification number

**56-1656943****Form 990 - Organization's Mission or Most Significant Activities**

**THE VOLUNTARY EXCHANGES OF A FREE MARKET ECONOMY, AND  
LIMITED GOVERNMENT. THE FOUNDATION SHALL GIVE PRIORITY TO  
NORTH CAROLINA STATE PUBLIC POLICY ISSUES AND NATIONAL  
ISSUES AFFECTING NORTH CAROLINA.**

**Form 990, Part III, Line 4d - All Other Achievements****ADVERTISING****Form 990, Part VI, Line 8b - Documentation by Committee Explanation****N/A**

**Form 990, Part VI, Line 15a - Compensation Process for Top Official  
Determination and review of compensation of the executive director is  
performed by an independent committee of the Board. This committee has  
available to it salary surveys and other comparables in the industry.**

## Attachment

John Locke Foundation (EIN 56-1656943)

Form 990, Part II, Schedule C, Line 17a – Public Support Test Factors

The following factors show that the John Locke Foundation (JLF) qualifies as a publicly supported charity under the facts and circumstances test set forth in 26 C.F.R. 1.509(a)-3.

### Overview of the John Locke Foundation

JLF is a 501(c)(3) educational organization that engages in public policy research. Its purpose since it was formed in 1989 has been to disseminate information and advance public understanding of a society based upon the principles of (i) individual liberty, (ii) the voluntary exchanges of a free market economy, and (iii) limited government. JLF seeks to develop and promote solutions to North Carolina's most critical challenges. It also seeks to transform state and local government through the principles of competition, innovation, personal freedom, and personal responsibility in order to strike a better balance between the public sector and private institutions of family, faith, community, and enterprise. JLF gives priority to North Carolina state public policy issues and national issues affecting North Carolina

JLF is one of the most successful and widely supported state-based public policy research centers in the country. It has grown from a staff of three in 1990 to a full-time staff of 21 people with five part-time and contract staff, and six interns, with annual donations from over 2000 individuals, foundations, and businesses for the 2008-2009 fiscal year. JLF continues to work hard to further broaden its public support.

On December 19, 2006, the IRS approved JLF's request to eliminate its private foundation status. The IRS had previously approved JLF's request in 2001 to operate as a public charity during a five-year advance ruling period.

### Meeting the Public Support Test

To be designated as a public charity, a nonprofit organization must satisfy one of two public support tests: the 1/3 public support test, or the facts and circumstances test, which requires that the organization receive at least 10% of its support from the public. JLF satisfies the facts and circumstances test.

**Ten Percent Support Test**—Since its inception in 1990, JLF has consistently met the 10% public support test. During its five-year advance ruling period and the prior fiscal year, JLF's public support has been as follows:

<b>FY 01-02</b>	<b>16.7%</b>
<b>FY 02-03</b>	<b>22.0%</b>
<b>FY 03-04</b>	<b>21.0%</b>
<b>FY 04-05</b>	<b>17.0%</b>
<b>FY 05-06</b>	<b>15.0%</b>
<b>FY 06-07</b>	<b>18.2%</b>
<b>FY 07-08</b>	<b>16.7%</b>
<b>FY 08-09</b>	<b>16.9%</b>

Attachment

John Locke Foundation (EIN 56-1656943)

Form 990, Schedule A, Line 11a – Public Support Test Factors

JLF has been able to maintain its public support percentage in the high teens and low 20s in spite of a doubling of support from its major donor, the John William Pope Foundation ("Pope Foundation"). JLF has been able to keep its public support percentage level by aggressively seeking out other sources of funding to help off-set the generous donations of the Pope Foundation.

In the 01-02 fiscal year, JLF had 1357 donations ranging from \$1 to \$100, and 101 donations ranging from \$101 to \$5,000. JLF had 9 donations above \$5,000.

In the 02-03 fiscal year, JLF had 1490 donations ranging from \$1 to \$100, and 152 donations ranging from \$101 to \$5,000. JLF had 7 donations above \$5,000.

In the 03-04 fiscal year, JLF had 1099 donations ranging from \$1 to \$100, and 229 donations ranging from \$101 to \$5,000. JLF had 10 donations above \$5,000.

In the 04-05 fiscal year, JLF had 885 donations ranging from \$1 to \$100, and 161 donations ranging from \$101 to \$5,000. JLF had 10 donations above \$5,000.

In the 05-06 fiscal year, JLF had 1625 donations ranging from \$1 to \$100, and 118 donations ranging from \$101 to \$5,000. JLF had 11 donations above \$5,000.

In the 06-07 fiscal year, JLF had 1292 donations ranging from \$1 to \$100, and 177 donations ranging from \$101 to \$5,000. JLF had 20 donations above \$5,000.

In the 07-08 fiscal year, JLF had 1005 donations ranging from \$1 to \$100, and 162 donations ranging from \$101 to \$5,000. JLF had 27 donations above \$5,000.

In the 08-09 fiscal year, JLF had 2166 donations ranging from \$1 to \$100, and 205 donations ranging from \$101 to \$5,000. JLF had 23 donations above \$5,000.

**Additional Requirements**—The following addresses the five public support factors.

**•Percentage of Financial Support Factor**—As mentioned, the Pope Foundation is a major benefactor of the John Locke Foundation. Over the years, the Pope Foundation's support has comprised more than 70% of JLF's donations and grants. From FY 01-02 through FY 08-09, the Pope Foundation's support has averaged around 80% of JLF's total support. Without this support, JLF could not have expanded its programming. JLF expects the Pope Foundation's support to remain in the 80% range of JLF's support from donations and grants.

**•Sources of Support Factor**--In spite of the Pope Foundation's large percentage of support, JLF has aggressively courted donations from corporations, foundations, and individuals and has successfully kept the "public" support average just under 17%.

A wide array of businesses, foundations, and individuals from all walks of life give to JLF each year.

During the 2008-2009 fiscal year, JLF received 2,394 donations, 2166 of which were donated by individuals for amounts not exceeding \$100.

Attachment

John Locke Foundation (EIN 56-1656943)

Form 990, Schedule A, Line 11a – Public Support Test Factors

**•Representative Governing Body Factor—**The JLF Board is comprised of 16 members. The Board members represent a broad spectrum of business executives, banking executives, public servants, attorneys, judges, doctors, and scientists, all of whom have an abiding interest in the welfare of North Carolina and its citizens, and are all community leaders. Hence, JLF feels confident that it meets the “representative governing body factor.”

**Bruce Babcock—**President, Saybrook Capital, Winston-Salem, NC

**James S. Fulghum, MD—**Neurosurgeon, Raleigh, NC

**William T. Graham—**Attorney & former NC Commissioner of Banking, Winston-Salem, NC

**Robert Luddy—**CEO of Captive-Aire Systems, Inc., Youngsville, NC

**Assad Meymandi, M.D.—**Psychiatrist, Raleigh, NC

**J. Arthur Pope—**CEO, Variety Wholesalers, and President, John Wm Pope Fnd, Raleigh, NC

**David Stover—**Independent Business Consultant, Raleigh, NC

**Andy Wells—**CEO, The Prism Group, Hickory, NC

**Carl Mumpower—**Psychologist and City Council Member, Asheville, NC

**Charles Fuller—**Founder and CEO Results Company, Raleigh, NC

**Charles Carter—**Attorney, Troutman Sanders, Raleigh, NC

**John Hood—**President, John Locke Foundation

**Baker Mitchell—**Founder and President, Francis Bacon Academy, Wilmington, NC

**Herb Berkowitz—**Independent Business Consultant, Wilmington, NC

**Thomas Roberg—**Independent Business Consultant, Raleigh, NC

**J. M. Bryan Taylor –** Charlotte, NC

**•Availability of Public Facilities—**The John Locke Foundation meets the public facilities burden in a number of ways. First, JLF holds over 80 public events each year both at its offices in downtown Raleigh and at public facilities across the state. Since October 2002, JLF has sponsored over 350 public events with over 16,000 people attending these events. Events have been held in cities and communities across the state. JLF notifies the public through its many web sites, e-mail newsletters, event postcards, and the media.

JLF’s public events include its weekly Shaftesbury meetings that meet at its headquarters in Raleigh and its Headliner Luncheon series, which meets in Raleigh, Winston-Salem, Wilmington, Greensboro, Charlotte, and Asheville. JLF will also tour the state in the fall and spring, holding town meetings in over a dozen communities on each tour trip.

**•Additional Factors Pertinent to Membership Organizations—**The John Locke Foundation is not a membership organization. However, JLF does solicit funds from its list of supporters and mails certain of its publications to donors depending on the level of giving. Suggested levels of giving have been set at levels designed to enlist a broad cross section of interested citizens.

Attachment

John Locke Foundation (EIN 56-1656943)

Form 990, Schedule A, Line 11a – Public Support Test Factors

**Organizational Structure of JLF**

JLF is headed by President John Hood. Mr. Hood is responsible for the overall operation and supervision of JLF and reports to the Board of Directors. Kory Swanson is the Executive Vice President and is responsible for the day-to-day operation of JLF. Mr. Swanson reports directly to Mr. Hood. There are four divisions: General Research; Communications & Carolina Journal; Events & Outreach; and Administration. Events & Outreach and Administration are directly under Mr. Swanson's purview. Dr. Roy Cordato serves as Vice President for General Research, and Jon Ham serves as Vice President for Communications & Carolina Journal.

At the heart of all of JLF's programming and publications is the mission to help the general public become better informed about the workings of their state and local governments and the policy issues that affect their daily lives. For example, the Foundation sends daily e-mail postings reporting news and commentary on issues such as the effectiveness of North Carolina charter schools, the adoption of a state lottery, and state budget issues.

**Divisions**

**General Research Division**

The General Research Division is headed by Vice President and Resident Scholar Dr. Roy Cordato. The Research Division publishes lengthy *Policy Reports* on issues such as the state budget, taxes, health care, and regulation. It also publishes shorter papers called *Spotlights* and medium length-papers called *Regional Reports*. All of the Research Division's work is distributed to all members of the North Carolina General Assembly and other legislators, government officials, journalists, public policy makers, and interested members of the general public.

Also, members of the research staff attend many legislative and local government meetings, and work with local officials when requested, to help them with understanding public policy issues. The research staff also fields requests from citizens on public policy issues.

The Communications & Carolina Journal Division is headed by Jon Ham. Since its debut in 1991 as a monthly magazine, *Carolina Journal* has published thousands of articles on politics, education, health care, crime, taxes, and other issues. It changed to a monthly newspaper in 2000.

With a statewide readership of more than 130,000, *Carolina Journal* contains coverage and original investigative reporting on state government and the legislature, as well as special sections on local government, education, books and culture, and higher education.

In addition to its monthly print version, *Carolina Journal* reporting and analysis is also available on a weekly and daily basis. *CarolinaJournal.com*, its daily news website, is distributed via e-mail to thousands of North Carolinians who have an interest in politics, policy, and the legislative process. *Carolina Journal.com* also houses Carolina Journal TV and Carolina Journal Radio. JLF's weekly e-mail update, *Carolina Journal Weekly Report*, is sent to many of the people who receive *CarolinaJournal.com*.

Jon Ham is also responsible for JLF's many web sites. These include JohnLocke.org, CarolinaJournal.com, NCEducationAlliance.org, CenterforLocalInnovation.org, FacultyAffiliateNetwork.org, NCHistoryProject.org, as well as JLF's five different blogs.



## **Events & Outreach**

JLF's Events & Outreach Division comprises JLF's Headliner Luncheon Series, Shaftesbury Lecture Series, the North Carolina Education Alliance, the Center for Local Innovation, the North Carolina History Project, the Faculty Affiliate Network program, the E.A. Morris Emerging Leaders Program, and the Carolina Freedom Clubs.

### **•Headliner Luncheon Series**

Since its inception, JLF has brought national figures to North Carolina to deliver talks on a variety of national and international policy issues. JLF now holds over 20 to 25 Headliner Luncheons each year in cities across the state—Raleigh, Greensboro, Winston-Salem, Wilmington, Charlotte, and Asheville. These luncheons are open to the public and JLF does charge for the lunch. JLF's luncheons will regularly draw over 100 people, and with major figures we will have over 300 people in attendance

### **•Shaftesbury Luncheon Series**

JLF's weekly public policy luncheon series, held at JLF's Raleigh offices, attracts 50 people per week to hear local scholars and public policy experts provide talks on a wide variety of issues. JLF holds 44 Shaftesbury luncheons each year.

### **•North Carolina Education Alliance**

NCEA was created in 1998 to provide support to school reformers across the state who seek fundamental change in North Carolina elementary and secondary education. Its purpose is to identify and disseminate solutions to educational problems. NCEA carries out its mission through public appearances, legislative testimony, media interviews, and an annual awards ceremony recognizing excellence in education. Headed by former educator and Charlotte-Mecklenburg County School Board member Lindalyn Kakadelis, NCEA publishes a weekly e-mail newsletter that goes to over 1700 educators and parents across North Carolina. NCEA staff also write and edit articles on education for *Carolina Journal* and other publications in North Carolina.

### **•Center for Local Innovation**

The Center for Local Innovation was begun in 1999 to engage local government leaders in North Carolina in dialogue about such issues as privatization, fiscal restraint, and growth management. The Center is directed by Chad Adams who also is JLF's VP for Development.

The Center publishes the annual *By the Numbers* report on local tax burdens in North Carolina as well as brief examinations of particular local services or policy debates. CLI also goes on annual tours of North Carolina, holding events in dozens of cities and towns across North Carolina.

**•North Carolina History Project**

JLF's newest public service project is headed by historian Dr. Troy Kickler. The NC History Project was started with the idea to look at North Carolina history from the perspective of the positive role that free markets played in the everyday lives of North Carolinians, that ideas mattered and that the market and ideas inspired individual North Carolinians to achieve and defend liberty.

The hallmark of the project is the online history encyclopedia, *NorthCarolinaHistory.org*. This encyclopedia is written for a broad audience and is an ongoing, comprehensive, non-polemical, and informative encyclopedia for students, scholars, and history buffs. The NC History Project also holds public lectures, will sponsor historical tours, and Dr. Kickler regularly writes historical pieces for *Carolina Journal*.

**•E. A. Morris Emerging Leaders Fellowship Program**

Underwritten by the E. A. Morris Foundation and the Pope Foundation, the Morris Fellowship Program encourages committed, diverse, and principled North Carolinians to pursue greater leadership roles within their professions and communities. Morris Fellows gain the knowledge, skills and understanding necessary to become leaders in business, nonprofit, education, government, and other areas of public service.

**•Faculty Affiliate Program**

In an effort to become more known at North Carolina's area universities and colleges, JLF's Faculty Affiliate Network supports informal networking opportunities for faculty and student development through internships and educational opportunities through the John Locke Foundation. It is headed by Dr. Karen Palasek. Affiliate scholars will have the opportunity to attend seminars, colloquia and faculty and guest events on campus as well as having a web outlet for their research and interests. This scholars' network builds on faculty interests and research within the classical liberal tradition. Possible disciplines include philosophy, English, journalism, political science, economics, business, history, geography, classical studies, modern languages and the natural sciences.

**•The Carolina Freedom Clubs**

There are eight regional Carolina Freedom Clubs: the Western Freedom Club; the Piedmont Freedom Club; the Triad Freedom Club; the Triangle Freedom Club; the Sandhills Freedom Club; the Southeast Freedom Club; and the Down East Freedom Club. The Freedom Clubs meet quarterly in each part of the state. The program is for JLF donors who would like to have an inside look at the workings of the John Locke Foundation, as well as getting the latest news about the state legislature.

**Programming for FY 2008-2009**

JLF's expansion has allowed it to increase significantly its public programming. It will hold over 80 public events across North Carolina and JLF expects to have over 5,000 people attend JLF's

Attachment

John Locke Foundation (EIN 56-1656943)

Form 990, Schedule A, Line 11a – Public Support Test Factors

programs. This programming will include the Headliner Luncheons, Shaftesbury Luncheons, tour stops, workshops, and other public appearances by JLF staff.

JLF will release over 60 pieces of research ranging from its short briefing papers and regional reports to its longer policy research reports.

### **Conclusion**

JLF is one of the, most broadly supported state-based public policy research center in the United States. Despite the fact that it does have a major donor which has contributed on average during the past five years 80% of the total monies raised for operations and salaries, the John Locke Foundation has consistently maintained its ability to meet the facts and circumstances public support test.

# # #

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Board of Directors 2009

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